But where do we go from here? I see three possible directions.

First, another broad-coverage negotiation, like the Kennedy Round but with more emphasis on nontariff barriers.

Second, a stalemate in trade liberalization among developed countries, but a cooperative move toward general tariff preferences given by all developed countries to all less-developed countries.

Third, piecemeal trade liberalization involving discrimination both among countries and among industry sectors. Examples of this piecemeal liberalization are already at hand in the trade agreement, between Nigeria and the EEC, in the United States-Canadian auto agreement, and in the Long-Term Textile Agreement—the last also having restrictive features.

Let me say a little about what each of these directions might look like.

The Kennedy Round negotiations were long and wearing. I am sure none of the participants welcome the thought of another Kennedy Round at this time. However, the Kennedy Round faced two hurdles which will not plague such a negotiation in the future. It was the first attempt at an across-the-board negotiation, and new ground rules had to be worked out with respect to what constituted a "bargain." Second, the EEC was being tested for the first time as a negotiating unit, and there were many problems of internal bargaining which had to be worked out. This process was complicated by the insistence of the United States on including agriculture in the Kennedy Round, an area of sharp differences within the EEC and requiring delicate compromise there.

The formative stage on both of these difficulties is now past, and I suspect another Kennedy Round beginning several years from now would go much more smoothly. One tempting approach, in fact, would to be to divide such a negotiation into two parts, the first being a straightforward replication of the Kennedy Round tariff cuts. This would use to good effect the great study and effort already invested in the Kennedy Round just over. The hard negotiations could thus concentrate on those items which escaped deep cuts in the Kennedy Round, and on nontariff barriers.

Generalized trade preferences for less-developed countries is a proposal arising out of complaints in UNCTAD concerning exporting difficulties and problems of market access to the developed countries. Several variants of this have been thoroughly discussed by a group of experts in the OECD. There seems to be much more sympathy now for this idea—and even for trade preferences given on a regional basis—than there would have been in the United States 10 or even 5 years ago. In part this sympathy arises from increasing dispair about the ability of foreign aid to accomplish the job of development; partly because the linkages between aid and development seem to be far looser than was once thought; and partly because national parliaments are increasingly reluctant to appropriate the volume of aid funds thought to be necessary. It is natural to think of growth through exports.

The idea is given further force by recent analysis concerning "effective protection," which argues that fabricating and processing industries can be and often are fully protected by relatively low tariffs combined with duty-free entry of raw materials. A tariff structure